

Design–Build and Construction Management Procurement Options

Presented to
City Council
November 13, 2012

- Currently the City procures construction by traditional procedures:
 - Design
 - Bid (low bid)
 - Construct
- We wish to discuss two new processes allowable under State law:
 - Design Build
 - Construction Management At Risk

- State Procurement Code allows for use of “Design–Build” and “Construction Management, At Risk,” as procurement methods.
- For City to use these techniques a modification to City Code is required.

Definition

- **Design-Bid-Build** – Traditional process used on nearly all City construction projects. Design is done by architect-engineering consultant. Project is bid and awarded to lowest bidder.
- **Design-Build** – single contractor performs both design and construction for the project.
- **Construction Management at Risk (CM at Risk)** – Contractor is selected based upon multiple factors (not just low bid). Is responsible for construction under a Guaranteed Maximum Price concept.

Policy Option

- Council could amend City Code to allow for use of Design-Build and CM at Risk on selected projects.
- Use on specific projects would require City Manager Approval.
- Specific written procedures must be developed for use of both methods.

Design-Build

- Single contractor responsible for entire project. Reduces design conflict issues and resulting changes.
- Selection based on qualifications, experience, as well as price.
- Requires establishment of design criteria to establish requirements and quality levels.
- Typically Guaranteed Maximum Price (GMP) is negotiated with sharing of savings below the GMP.
- Recent example: Norfolk Public Health Facility (Specific State authorization was provided).

CM At Risk

- Design done by separate A-E consultant contract.
- Construction contractor selected based on qualifications, experience, as well as price.
- Contractor selects/bids subcontracts.
- Typically GMP is negotiated with shared savings.
- Contractor can be involved earlier in design process to improve design, constructability and price.
- Contractor fee is fixed so contractor has incentive to control costs.
- Recent Example: Virginia Beach Convention Center.

Design-Bid-Build

- Low bid on design produced by A-E consultant.
- Low bid process can result in project challenges – quality, change orders, adversarial relationship.
- Low bid process provides assurance of fairness and economy.

Recommendation

- Revise City Code to use CM at Risk and Design-Build methods.
- Approval of use of these methods would require City Manager approval.